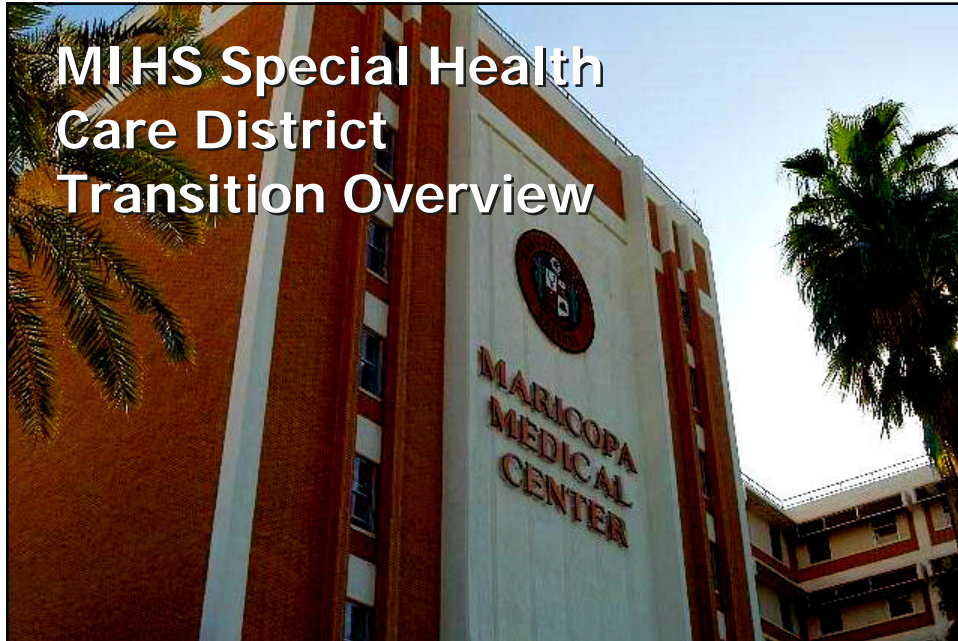


# MIHS Special Health Care District Transition Overview



Web site: [www.maricopa.gov/mihs2district](http://www.maricopa.gov/mihs2district)



## Introduction

- ✍ Maricopa County has put experienced management throughout MIHS and we are committed to solving the technology and accounting issues.
- ✍ County general fund will be responsible for funding losses.

[www.maricopa.gov/mihs2district](http://www.maricopa.gov/mihs2district)





## Presentation overview

- ✍ History
- ✍ Objectives
- ✍ Timeline
- ✍ Getting Started
- ✍ Current Issues and Solutions
- ✍ Next Steps
- ✍ District Candidate Information
- ✍ Q & A

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## History

- ✍ Proposition 414 – Response to a looming crisis:
  - ✍ Burden of uncompensated care
  - ✍ Uncertainty of future government payments
  - ✍ Need for capital improvements to maintain quality of care.
- ✍ MIHS's Importance to the Community:
  - ✍ AHHA asserts that closure could have catastrophic results on the community's health care system
  - ✍ A special health care district with a levied property tax will help ensure MIHS's future.

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## History

- ✍ April 2003 - MIHS Citizen's Task Force recommends a "special health care district" for Maricopa County
- ✍ June 2003 – State legislature passes HB 2530, authorizing the formation of a special district, subject to voter approval. Governor signed on 6/26.
- ✍ November 2003 - Maricopa County voters approve Prop. 414.

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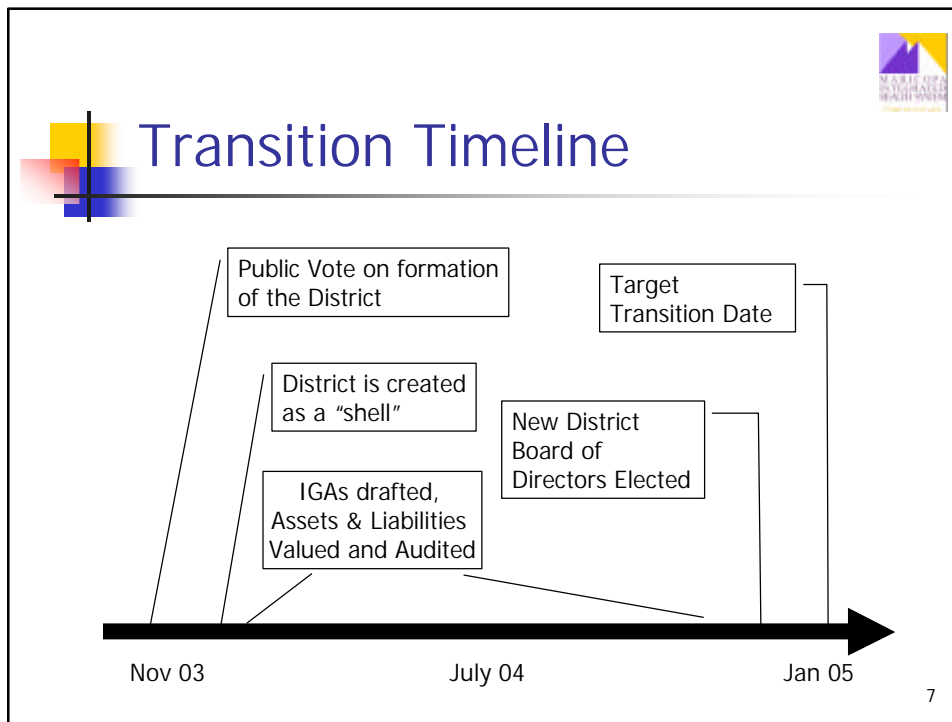


## Transition Objectives

- ✍ Equitable to County and District
- ✍ Results in a clean hand off of operations to the new District
  - ✍ Ensures all health care delivery and business systems are operating effectively
  - ✍ Provides new board members with performance and financial data
- ✍ As 'transparent' as possible to employees
  - ✍ Benefits and basic personnel policies should remain in place during the transition

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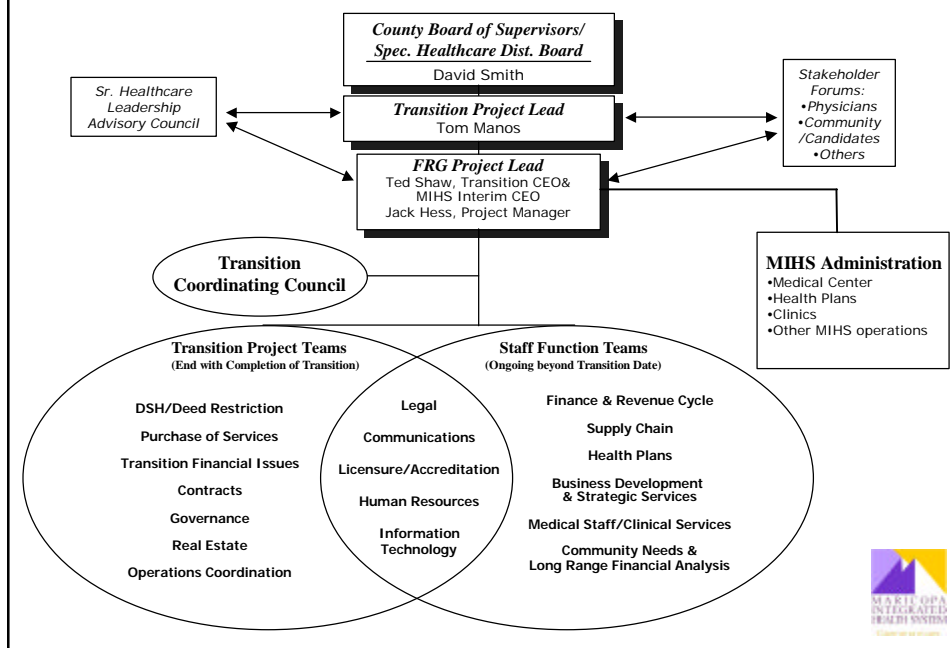
## Getting started

- ✍ January 2004 – Maricopa County retains Financial Resource Group (FRG).
- ✍ Intergovernmental agreements are being drafted to document ongoing business relationships
- ✍ Assets and liabilities are being inventoried and valued
- ✍ License and other regulatory filings are being identified, drafted, and submitted
- ✍ Ongoing operational issues relating to separation are being addressed

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## Maricopa County/District Transition Planning Framework



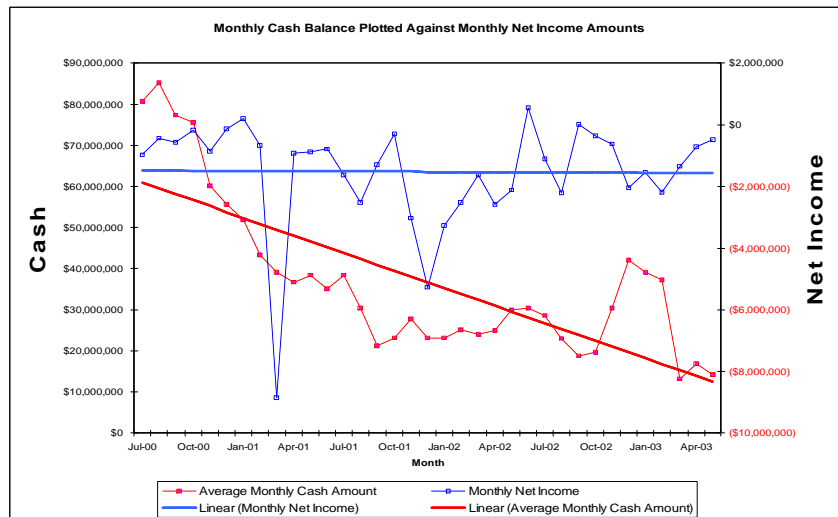
## Current issues

- ✍ Financial Reporting – Improving Accuracy
- ✍ Health Plan Claims Processing - Stabilize and Improve Performance
- ✍ System-wide Performance Improvement Projects

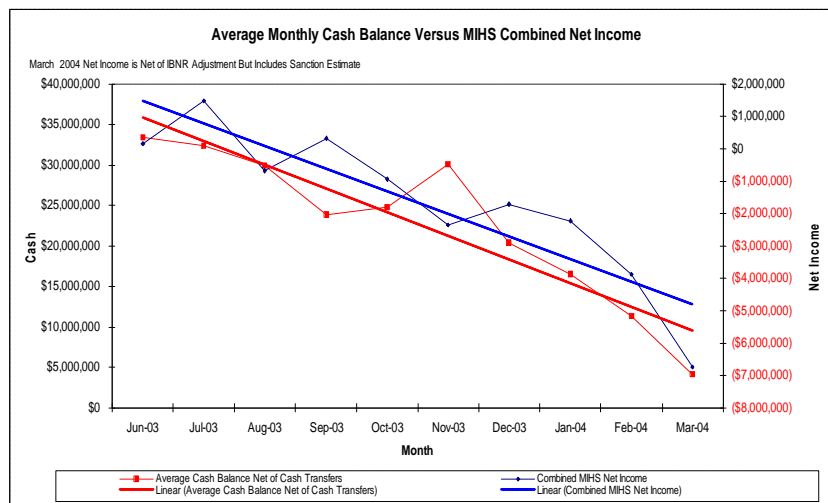
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## MIHS Cash Position vs. Net Income The *Before* Picture



## MIHS Cash Position vs. Net Income The *After* Picture



## March Financials

YTD - March 31, 2004, Net Income (Loss) (\$000s)

Delivery System	\$	(4,321)
Health Plan		(13,271)
Long Term Care Plan		(28,878)
Senior Select		(10,320)
	\$	<u>(56,790)</u>

*Year-to-date figures reflect \$37 million IBNR and other accounting adjustments.*

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## Health Plan Issues

✍ The claims payment system (computer) has not functioned properly since its implementation in 2002. The system has not:

- ✍ Paid claims accurately or timely
- ✍ Filed accurate data with AHCCCS
- ✍ Provided data needed to facilitate medical management
- ✍ Provided sufficient accurate data to calculate medical claims payables

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## Health Plan Solutions

- ✧ Experienced health plan management team.
- ✧ County Administration assisting with management support.
- ✧ Selection of an expert company to pay claims after 7/1/04.
- ✧ Look for easier or simpler ways to pay our vendors.
- ✧ Improve how we manage care for plan members.
- ✧ Continue to analyze and correct accounting issues surrounding our medical claims.
- ✧ Continuing SeniorSelect losses must be addressed.

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## Delivery System Issues

- ✧ Issues Being Addressed:
  - ✧ New leadership in place
  - ✧ Recast budget projections for 2005
  - ✧ Prepare for JCAHO survey in fall, 2004
  - ✧ Review supply chain and procurement systems
  - ✧ Improve labor/human resources operations
  - ✧ Improve information needed to make sound strategic and operational decisions
  - ✧ Emphasis placed on revenue capture/improvement opportunities

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## Conclusion



✍ Positive news:

- ✍ **Dedicated employees and physicians continue to provide excellent patient care**
- ✍ We expect that opportunities to improve efficiencies will yield significant delivery system savings
- ✍ New “cash acceleration” program is showing strong results after only two months

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## Conclusion



- ✍ We have put experienced management throughout MIHS and we are committed to solving the technology and accounting issues.
- ✍ County general fund will be responsible for funding losses.

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## Next steps

- ✍ Ongoing transition teams and projects
- ✍ Ongoing regular public forums —  
Next meeting (tentative): June 24
- ✍ Board election in November, 2004
- ✍ Updates:  
[www.maricopa.gov/mihs2district](http://www.maricopa.gov/mihs2district)

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## Board candidate information

- ✍ Candidate Finance Requirements:
  - ✍ Maricopa County Elections Department
- ✍ Where to go for information
  - ✍ [www.recorder.maricopa.gov](http://www.recorder.maricopa.gov)
  - ✍ Maricopa County Elections — Kristi Passarelli, 506-8344

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